

NATIONAL DAIRY MARKET AT A GLANCE

At the Chicago Mercantile Exchange (CME), Grade AA butter increased 2 cents to \$1.2900, Grade A increased 1 cent to \$1.2100, and Grade B increased 1 cent to \$1.2100. Also at the CME, barrel cheese increased 1 3/4 cents to \$1.3425 and 40# blocks are unchanged at \$1.3925.

The basic formula price used in Federal Orders for September 1997 is \$12.79 at 3.5% test. The basic formula price is the base month M/W price of \$12.06 plus a change of \$.73, which is the change in the butter/powder/cheese formula from August to September. For September, the NASS average cheese price was \$1.3782. The butterfat differential is \$0.106. The September 1997 basic formula price is 72 cents more than last month but \$2.58 less than September 1996. Class III-A prices are: for Federal Orders 1 & 2, \$11.93; for Order 4, \$11.95; for Orders 124, 131, & 135, \$11.73; for other affected orders, \$11.87.

According to NASS, the U.S. average all milk price in September was \$13.00 per cwt. at a fat test of 3.60%, up \$.30 from last month, down \$3.50 from last year. For fluid grade milk, prices averaged \$13.00 per cwt. (3.60%), up \$.30 from last month, down \$3.60 from last year. Dairy farmers marketing manufacturing grade milk received \$12.30 per cwt. (3.72%), up \$.40 from last month, down \$3.00 from last year. All milk prices with fat tests and comparisons to last month for the following selected states were: California, \$12.20 (3.58%), up \$.21; Wisconsin, \$13.80 (3.74%), up \$.67; New York, \$13.00 (3.60%), up \$.50; Pennsylvania, \$13.40 (3.50%), up \$.30; and, Minnesota, \$13.40 (3.72%), up \$.44.

During the month of September, DEIP acceptances total 6,216 MT of NDM, 1,971 MT of whole milk powder, 264 MT of cheese, and 3,453 MT of butterfat. Cumulative 3 month total DEIP acceptances as a share of the July 1 announced annual total allocations are: NDM 48.3%, dry whole milk 33.9%, cheese 20.5%, and butterfat 25.4%.

Milk production is steady to lower through most of the country. Supplies remain seasonally tight. Class I sales are steady to improved, bolstered by the usually stronger first of the month retail sales. Bottlers/handlers in the Southeast continue to import sizeable supplemental supplies from the Northeast and Midwest. Cream demand remains good, despite current prices. Manufacturing schedules remained light due to the lack of milk supplies, particularly in the South and Mid-Atlantic areas.

Most recent powder trends continue as two diverse markets; dry whey, and everything else. Whey remains extremely tight and some orders are going unsatisfied due to lack of product. Prices are sharply higher throughout the country with some buyers in a panic buying situation. Offerings of NDM, buttermilk, WPC, and lactose exceed current light interest. Prices are unchanged to lower. Some buyers are reformulating products to replace whey with more available substitutes.

During the period of September 29 - 30, CCC net dairy product purchases under the price support program were 1,032,730 pounds of Western nonfortified NDM. For the fiscal year ending September 30 under the price support program, CCC purchased no butter, 1.09 million pounds of cheese, and 31.9 million pounds of NDM. CCC made no price support purchases during the previous fiscal year ending September 30, 1996. Though during the fiscal year ending September 1995, CCC purchased 26.0 million pounds of butter, 0 pounds of cheese, and 24.6 million pounds of NDM.

****SPECIAL THIS ISSUE****

SEPTEMBER AGRICULTURAL PRICES SUMMARY (PAGE 2)

SEPTEMBER DEIP ACCEPTANCES (PAGES 7 - 8)

SEPTEMBER MONTHLY SUMMARY AND AVERAGES (PAGES 9 - 10)

BUTTER MARKETS**CHICAGO WHOLESALE**

Dollars per pound, trucklot, bulk in fiber boxes, delivered metropolitan area, prices include CCC purchase price whenever bulk butter is moving to CCC from the Midwest area.

GRADE	SEPTEMBER 30	OCTOBER 2	OCTOBER 3
AA	\$1.2700 - 1.2800 : (.1250) (.1250)	\$1.2700 - 1.2800 :	\$1.2700 - 1.2800 :
A	\$1.2000 - 1.2100 : (.1300) (.1300)	\$1.2000 - 1.2100 :	\$1.2000 - 1.2100 :

() Change from previous price.

BUTTER HIGHLIGHTS: At the Chicago Mercantile Exchange, in active trading, Grade AA increased 2 cents to \$1.2900, Grade A increased 1 cent to \$1.2100, and Grade B increased 1 cent to \$1.2100. The butter market remains firm. Some contacts are questioning what effect the recent run-up (26 cents in 5 weeks) in prices will have on retail sales. Production is steady to slightly higher. Reportedly, a good portion of current output is earmarked for export. Butter inventories are tightening, but adequate for fair to good demand.

CHICAGO MERCANTILE EXCHANGE**BUTTER TRANSACTIONS ON FRIDAY, OCTOBER 3, 1997**

(CARLOT UNIT = 40,000 - 42,000 LBS.)

GRADE	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION - LST
AA	+0.0200	\$1.2900 : SALE 10/03/97
A	+0.0100	\$1.2100 : BID 10/03/97
B	+0.0100	\$1.2100 : BID 10/03/97

SALES: 36 CARS GRADE AA: 3 @ \$1.2700,
1 @ \$1.2800, 5 @ \$1.2850, 17 @ \$1.2900,
3 @ \$1.2875, 6 @ \$1.2825, 1 @ \$1.2900 (LST)

BIDS UNFILLED: 1 CAR GRADE AA @ \$1.1600
2 CARS GRADE A:
1 @ \$1.2050, 1 @ \$1.2100 (LST)
1 CAR GRADE B @ \$1.2100 (LST)

OFFERS UNCOVERED: 11 CARS GRADE AA: 1 @ \$1.2900,
2 @ \$1.2925, 1 @ \$1.2950, 1 @ \$1.2975, 1 @ \$1.3400,
5 @ \$1.4000

CHEESE MARKETS**WISCONSIN ASSEMBLY POINTS**

Dollars per pound, standard moisture basis (37.8-39.0%), carlot/trucklot, F.O.B. plants or storage centers, prices include CCC purchase price whenever cheese is moving to CCC from the Midwest area.

CHEDDAR STYLES	SEPTEMBER 29 - OCTOBER 3, 1997
BARRELS*	\$1.3250 - 1.3450 (NOMINAL)
40# BLOCKS	\$1.4025 - 1.4275 (NOMINAL)

() Change from previous week. * If steel, barrel returned.

CHEESE HIGHLIGHTS: In heavy trading at the CME, barrels increased 1 3/4 cents to \$1.3425 and blocks were unchanged at \$1.3925. The cheese market is steady, but with an unsettled undertone developing. Overall demand is about steady. However, fast food promotional activity is helping to stimulate additional process sales. Natural supplies are becoming more available as orders have not been as strong as when prices were increasing. Cheese production remains above year ago levels, though not all regions are showing increases.

CHEESE TRANSACTIONS ON THURSDAY, OCTOBER 2, 1997

(CARLOAD UNIT = 40,000-44,000 LBS.)

CHEDDAR STYLES	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION
BARRELS	+0.0175	\$1.3425 : SALE 10/02/97
40# BLOCKS	N.C.	\$1.3925 : SALE 10/02/97

SALES: 33 CARS BARRELS:
6 @ \$1.3250, 9 @ \$1.3275, 2 @ \$1.3225, 2 @ \$1.3300,
2 @ \$1.3350, 4 @ \$1.3375, 4 @ \$1.3325, 1 @ \$1.3400,
1 @ \$1.3425, 1 @ \$1.3475, 1 @ \$1.3425 (LST)
25 CARS 40# BLOCKS:
1 @ \$1.3825, 6 @ \$1.3850, 4 @ \$1.3875,
7 @ \$1.3900, 7 @ \$1.3925 (LST)

BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.3900

OFFERS UNCOVERED: 2 CARS 9 MONTH OLD BLOCKS @ \$1.5200

SEPTEMBER AGRICULTURAL PRICES SUMMARY

The All Farm Products Index of Prices Received in September was 108 based on 1990-92=100, unchanged from August. Price increases from August for tobacco, milk, eggs, and grapes more than offset price decreases for hogs, broilers, soybeans, and onions. The seasonal changes in the mix of commodities farmers sell also affect the overall index level. However, these changes were essentially offsetting in September.

The U.S. average All Milk price in September was \$13.00 per cwt. at a fat test of 3.60%, up \$.30 from last month, down \$3.50 from last year. For Fluid Grade Milk, prices averaged \$13.00 per cwt. (3.60%), up \$.30 from last month, down \$3.60 from last year. Dairy farmers marketing Manufacturing Grade Milk received \$12.30 per cwt. (3.72%), up \$.40 from last month, down \$3.00 from last year. All Milk prices with fat tests and comparisons to last month for the following selected states were: California, \$12.20 (3.58%), up \$.21; Wisconsin, \$13.80 (3.74%), up \$.67; New York, \$13.00 (3.60%), up \$.50; Pennsylvania, \$13.40 (3.50%), up \$.30; and, Minnesota, \$13.40 (3.72%), up \$.44.

The September Index of Prices Paid by Farmers for Commodities and Services, Interest, Taxes and Farm Wage Rates (PPITW) was 116 percent of the 1990-92 average. The index was unchanged from August 1997 and September 1996. Since August 1997, prices were lower for feed concentrates, complete feeds, feeder pigs, nitrogen fertilizer materials, and corn were offset by higher fuel, agricultural chemical, and feeder cattle and calf prices.

PRINT BUTTER MARKETS - GRADE AA

NORTHEAST

Prices are 12 1/2 cents higher and the market tone is unsettled. Contacts speculate that the tight supply and the sharply higher prices will directly increase retail prices and may decrease consumption. Domestic demand is about steady. Buyers are starting to stock inventories for the upcoming holiday season. Churning schedules are more active and producers are aggressively trying to satisfy local needs. Stocks range from in balance to short. It has been reported that some producers are pulling butter out of cold storage to meet demand. Many contacts expected an increase in prices, but were surprised at the magnitude of the latest jump. Contacts state that export interest is pulling large volumes of Western-made butter from the domestic market.

WHOLESALE PRICES: MIN 25 BOXES DOLLARS PER POUND, DELIVERED EAST COAST CITIES

1/4 LB. PRINTS	: 1.4800-1.7275
1 LB. PRINTS	: 1.3950-1.5775
CHIPS/PATTIES	: 1.4575-1.6375
REDDIES	: 1.5325-1.7275
CONTINENTALS	: 1.6125-1.7875

CENTRAL

Print butter prices are sharply higher following the September 26 cash trading at the Chicago Mercantile Exchange. The market tone remains mixed. Stocks of butter range from in close balance to short of desired levels. Buying interest is mixed as some buyers are placing orders prior to possible additional increases, while others are buying for short term or immediate needs only. Some buyers are looking at the upcoming year end holiday period with varying opinions. Churning schedules are seasonally active with Midwestern printers taking advantage of all available cream at this time.

FOB CENTRAL STATES PLANTS: MIN 20,000 POUNDS, \$ PER POUND

1/4 LB. PRINTS	: 1.3700-1.7775
1 LB. PRINTS	: 1.3350-1.4975
CHIPS/PATTIES	: 1.3600-1.5700
REDDIES	: 1.4450-1.6800
CONTINENTALS	: 1.6000-1.7900

WEST

Western print butter prices are sharply higher again this week. Western plants do not have enough fresh butter to take care of regular account needs. Many are shorting current orders to buyers that they have serviced for years. Cream demand is excellent with loads leaving the region on a regular basis. Milk production is declining more rapidly and fat tests on incoming milk supplies are below normal seasonal levels. Therefore, butter production is declining. Some plants are stating that they are finishing their DEIP commitments. Export demand remains excellent because of the current DEIP orders. Domestic interest is picking up as retailers begin to position themselves for the holiday season. Contacts are looking at the calendar and wondering how the current market strength will play out in November when domestic interest is normally peaking.

WHOLESALE SELLING PRICES: DELIVERED WESTERN CITIES 150 - 1000 POUNDS, DOLLARS PER POUND

1/4 LB. PRINTS	: 1.5525-1.6000
1 LB. PRINTS	: 1.4825-1.5425
PATTIES	: 1.5250-1.6900
REDDIES	: 1.6500-1.6675

FOB CALIFORNIA PLANTS - GRADE AA 100 CASES AND UP, DOLLARS PER POUND

1/4 LB. PRINTS	: 1.2675-1.3075
----------------	-----------------

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
	:	:
09/29/97	21,978	109,469
09/01/97	29,320	118,256
CHANGE	-7,342	-8,787
% CHANGE	-25	-7

NASS CHEDDAR CHEESE PRICE SURVEY

WEEK ENDING	40# BLOCKS		640# BLOCKS		BARRELS (adjusted to 39% moisture)		
	MN/WI	WEST	U.S.	U.S.	MN/WI	OTH STATES	U.S.
SEPTEMBER 26	1,4289	1,3701	1,3836	1,3878	1,3324	1,3027	1,3130
	1,009,442	3,415,836	4,502,337	1,376,212	2,631,240	4,924,923	7,556,163

Further data may be found on the Internet at: <http://usda.mannlib.cornell.edu/reports/nassr/price/cheddar/>

CHEESE MARKETS

NORTHEAST

Prices and the market tone are unchanged. Seasonally lower milk production patterns coupled with less manufacturing milk is causing cheese output to decrease. Current demand is fair, however interest in aged cheddar is improving for the upcoming holidays. Mozzarella demand continues to be strong. Stocks are adequate for current needs.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.3875-1.8750
Cheddar Single Daisies	:	1.3575-1.8800
Cheddar 40# Block	:	1.5300-1.6800
Process 5# Loaf	:	1.5350-1.6850
Process 5# Sliced	:	1.5550-1.7200
Muenster	:	1.5725-1.9450
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

MIDWEST

The cheese market is steady on most natural varieties, somewhat unsettled on barrels. At the Chicago Mercantile Exchange on September 25, the price of blocks was unchanged at \$1.3925 and barrels were steady at \$1.3250 per pound. Fast food promotional activity has stimulated extra process and barrel sales. Other barrel manufacturers report slower sales. Processors are also working down the backlog of other processing solids. Demand is steady to seasonally improved for aged cheese. Cheese inventories are continuing to decline. Most buyers are less interested in the higher priced aged product, mainly those basing asking prices on current market prices. New orders for most natural varieties are steady at best as prices have stabilized and plants have caught up with more orders. Cheese yields continue to increase seasonally though cheese production varies considerably based on the availability of milk. For producers trying to fill orders, spot milk supplies remain tight and producers have difficulty in justifying milk purchases at current premiums.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4975-1.6400
Brick And/Or Muenster 5#	:	1.6600-1.8500
Cheddar 40# Block	:	1.6425-1.9150
Monterey Jack 10#	:	1.8425-1.9150
Blue 5#	:	1.9950-2.2000
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.7100-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.1000-2.4850

WEST

No price changes are noted for Western cheese. Buying interest appears to be steady with levels of the past few weeks. Orders are of a regular nature and most contacts don't see the market doing much of anything for the next few weeks. Supplies, in general, are in fairly good balance with demand. Production ranges from steady to down seasonally. Milk is declining at a faster rate in parts of the Western region. The solids content on the incoming milk receipts are below expectations at a number of locations. Mozzarella demand is improving seasonally with very good sales activity. Swiss sales are rated as good.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.4975-1.7675
Cheddar 40# Block	:	1.5750-1.7300
Cheddar 10# Cuts	:	1.7500-1.9150
Monterey Jack 10#	:	1.7150-1.8775
Grade A Swiss Cuts 6 - 9#	:	2.3375-2.5600

FOREIGN

Imported and domestic prices are unchanged. The market tone is steady. Demand is fair to good. As the holiday season and cooler weather approaches, consumer habits are shifting and interest for some table styles is improving. Stocks range from adequate to tighter on Italian type cheeses. Production is about steady to lighter.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 1.7275-2.3375
Gorgonzola	: 3.2400-5.9400	: 2.3925-2.4900
Parmesan (Italy)	: TFEWR	: 3.1375-3.1750
Romano (Italy)	: 2.0900-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.4000-1.9075
Romano (Cows Milk)	: -0-	: 2.9250-3.1775
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.1200	: -0-
Swiss Cuts Switzerland	: -0-	: 2.2500-2.5050
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Milk production ranges from steady to lower throughout the East. In Florida, temperatures in the 90's are causing tremendous stress on the cows and there seems to be no relief in the near future. Contacts in the South report production remains at the bottom of the annual cycle. Handlers continue to draw heavily on milk supplies from the Midwest and Mid Atlantic regions. This week, imports total approximately 174 loads. Shipments to other Southeastern states are lighter. In the Maryland/Virginia area, the milk supply is extremely tight due to the large volumes of milk being exported to the South. Contacts report sending 15-17 loads per day to Florida and handlers are still searching for supplemental volumes. Manufacturing activity is lighter due to the lack of milk availability. In the Mid Atlantic and Northeast, milk production is steady and Class I sales are higher. Contacts report ample amounts of milk available for local and first of the month Class I needs. Manufacturing schedules are more active and churning activity is often increasing. Because of sharply higher Class II milk prices, condensed skim prices in October are expected to be considerably higher. Some producers feel that wet solids buyers may switch back to using nonfat dry milk. Cream prices are sharply higher in response to the higher butter prices at the Chicago Mercantile Exchange. Supplies are tight and demand is strong. Cream producers have noted that cooler temperatures and increased feed intakes are causing fat tests to increase. Ice cream production is steady to lower. A major ice cream producer has temporarily shut down for maintenance and this has slowed the cream demand. Demand for cream cheese is strong as the holiday season approaches.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	1.6770 - 1.9080
Delivered Equivalent Atlanta	-	1.7245 - 1.8960 M 1.7400-1.8000
F.O.B. Producing Plants: Upper Midwest	-	1.7400 - 1.8480

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	-	0.9500 - 1.0550
------------------------------------	---	-----------------

M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
SEPTEMBER 26 - OCTOBER 2, 1997	30
PREVIOUS WEEK	32
COMPARABLE WEEK IN 1996	54

DESTINATIONS: FLORIDA 14, MISSISSIPPI 2, TENNESSEE 14

Class I sales remain good, bolstered by the usually stronger first of the month retail purchases. Milk supplies within the area remain tight and limited spot offerings are available for manufacturing purposes. A few potential deals to Southern buyers were not possible on a short notice basis due to limited supply and/or higher asking prices. Wisconsin handlers did ship 14 loads to Ohio with intra regional shipments between upper Midwestern states continuing to help balance supply with demand. Milk shipments to the Southeast were also reported from Iowa and Michigan but, volumes are often below last year. On a limited test, manufacturing milk prices are selling from around \$2.00 to regular buyers to mostly \$3.00 - 3.50 over Class fob, for more spot deals. In the southernmost part of the Midwest, manufacturing is virtually nil since fluid receipts are down due to continued heat and humidity and what milk is available is used by Class I and II accounts. Some manufacturing

plant operators are unable to secure desired volumes, especially at prices at the low end of the range. Cream prices are higher, reflecting higher butter prices at the Chicago Mercantile Exchange. Cream multiples are steady, generally in the mid to upper 140's. Cream supplies remain seasonally tight. Ice cream production remains active though buyers are not as frantic in trying to acquire cream as during the summer. Cream cheese production remains seasonally active. Milk production is continuing over year ago levels through most of the upper tier of states, though in some areas the gap with year ago levels is narrowing. Milk components are steady to slightly higher as are product yields. Farmers are busy chopping corn silage and haylage to provide cattle with extra winter feed. Some soybeans have been combined, though in other fields not all of the leaves have dropped and allowed pods to dry sufficiently.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	SEP 25-OCT 1	PREVIOUS YEAR
SLAUGHTER COWS	\$ 33.50- 37.50	\$ 31.00- 36.00
REPLACEMENT HEIFER CALVES	\$110.00-135.00	\$110.00-180.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	SEP 25-OCT 1	PREVIOUS YEAR
SLAUGHTER COWS	\$ 34.50- 40.25	\$ 30.00- 36.50

W E S T

The September 4a (butter/powder) milk price in California is \$11.73, down 15 cents from last month and down \$3.75 from September 1996. The 4b (cheese) price is \$12.11, up 27 cents from August 1997 but down \$3.02 from last year. Favorable weather over much of California, Arizona and New Mexico is providing for decent milk production conditions. Some areas are noting drops in fat and solids levels in milk. Contacts blame this partly on weather and partly on cows being later on in their milking lactation. Some localized shortages in California were noted for fluid milk needs, but milk was moved to fill those needs. Retail fluid milk prices are higher in California as a result of higher Class prices and MAC (Marketing Agency in Common) charges taking effect October 1. The later is resulting in increased media scrutiny in the state. Hurricane Nora had little effect on milk producing areas in the Southwest. Some crop producing areas did receive heavy rainfalls, but it is too early to tell what, if any, effects this will have on any feed crops. Cream demand is good from butter makers and other outlets. Cream is leaving the region at attractive prices. Rain, accompanied by warm temperatures, is the rule in the Pacific Northwest this week. Storms are expected for about four days in a row. No real impact is expected on current milk production, but the moisture is disrupting the corn silage harvest. Contacts estimate that the harvest might be about 60-70% complete at this time. Quality and volume are excellent. Delivered hay prices in the mid \$150's per ton are common. More producers and plants are noticing a real decline in milk output coupled with declining solids content on farm milk supplies. The most likely culprits for the problems are forage quality and problems balancing a good feed ration with current costs. Slaughter cow prices continue to decline and heifer sales are being canceled. A number of manufacturing plants are being forced to cut back or delay shipments of committed products because they simply are not meeting production projections. The corn silage harvest is nearing completion in the northern Mountain States region. Growers are also trying to finish up the final hay harvest for the season. So far, the quality of this cutting does not look too bad. Milk output is declining in this region also.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 10/02/97 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Nonfat dry milk prices are slightly higher on the top of the range for high heat sales, mostly steady for all other sales. The market remains weak. Offerings continue to be available from producers, resellers, and other regions. Resale prices are all over the board and competition is fierce for the limited market activity currently taking place. Production is at seasonally low levels for many plants. Returns are better for cheese/whey production over butter/NDM. Fluid needs are taking the bulk of milk in the more southern parts of the region. Stocks are in excess of current needs.

Includes EXTRA GRADE and GRADE A, all heat treatments

NONFAT DRY MILK: 1.0400 - 1.1000 MOSTLY: 1.0500 - 1.0600

DRY BUTTERMILK - CENTRAL

Prices are lower and the market tone is weaker. Demand is limited with spot orders few and far between. Pressure from lower priced Western buttermilk is causing some price adjustments. Production is trending higher at facilities that are churning more butter. New seasonal orders have yet to develop. Stocks are available for all needs.

BUTTERMILK: 1.0000 - 1.0800

DRY WHEY - CENTRAL

Higher whey prices continue to dominate the market scene. The market tone remains very strong. Buying interest is very good and quite often going unfilled. Several orders are not being completed regardless of price especially when specifications cannot be met. Some buyers are going to the West for loads with mixed results. Adding pressure to the market is that some buyers are trying to cover needs for longer periods. Off-grade whey prices are increasing sharply also. Buyers of whey for animal feed manufacturing are looking at WPC, lactose, and permeate to replace whey in formulations. Several producer contacts are worried that the sharp run up in prices will precede a sharp decline in the future. Any gains now may be a pain later on. Resale prices are running often 3 to 5 cents higher than producers' prices. Production remains at seasonally low levels. Stocks are light and held with continued confidence.

NONHYGROSCOPIC: .2650 - .3250 MOSTLY: .2750 - .3000

ANIMAL FEED WHEY - CENTRAL

Sharply higher prices are reported for milk replacer and roller ground whey, reflective of increased demand and prices for edible whey. Demand is not being filled and animal buyers are looking for alternatives to whey in formulations due to both price and availability. Standard prices remain too few to report as no trades were reported this week. Pressure from the declining WPC market is affecting delactose, especially on the feed side. Food delactose demand is seasonally improving for cold pack and process cheese foods.

MILK REPLACER: .2600 - .3000
STANDARD: TFEWR
ROLLER GROUND: .2675 - .2825
DELACTOSE (Min. 20% protein): .3350 - .3550

LACTOSE - CENTRAL AND WEST

Several fourth quarter contract prices are being reported 1 to 2 cents or more lower than in the third quarter. Several contacts are still negotiating pricing/volume levels for the new quarter. Those prices are also expected to be similarly lower. Spot interest is occasionally improved due in part to the stronger edible whey market. The spot market is weak with some additional interest noted from buyers looking for replacements for edible whey. Lactose stocks range from light to heavy.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1800 - .2600 MOSTLY: .2000 - .2250

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Whey protein concentrate prices are again lower in light to moderate market trading. Spot demand is mostly light. Although not reported in the edible, extra grade series, feed quality WPC prices are improving as buyers are looking to find cost-favorable replacements for edible and animal feed whey. On a cost per unit of protein basis, WPC is now a better buy than edible whey. However, this is not supporting WPC prices yet. Stocks remain available from many producers and resellers.

EXTRA GRADE 34% PROTEIN: .5600 - .6100 MOSTLY: .5850 - .6000

NONFAT DRY MILK - WEST

Prices are unchanged for both nonfat ranges. The market tone for low heat is especially weak. Older stocks are sometimes more of a problem for producers than current production. After cancellations last week, CCC net purchases were a negative 33,000 pounds. Purchases during the last two days of the fiscal year 1997 totaled slightly over 1 million pounds. DEIP orders are being filled at a faster clip this week and are expected to take more of current production. Currently, milk production continues to decline seasonally. High heat production is often limited as producers attempt to optimize plant throughput.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0300 - 1.0650 MOSTLY: 1.0300 - 1.0500
HIGH HEAT: 1.0550 - 1.0800

DRY BUTTERMILK - WEST

Buttermilk prices continue to decline and the market tone remains weak. Additional pressure is building as some buyers cancelled contracts and production is increasing. Churning activity is up at several facilities. Producers' stocks are ample for the current light needs.

BUTTERMILK: .9800 - 1.0400 MOSTLY: .9900 - 1.0300

DRY WHEY - WEST

Western whey prices are increasing at a faster rate than at any time in recent memory. Sellers are often not able to meet even a portion of their ongoing long term commitments with regular buyers. Many sellers are cutting back order filling to only half of what is requested across the board. Whey is being shipped across the country to fill even greater shortages that are occurring in the East. Limited resale activity is noted at prices quite a bit above the sharply higher plant sale prices. Some contacts are calling the current situation "panic buying." New export sales activity is not happening at these prices. Sellers are also very concerned about losing regular customers to substitute products because of both price and availability and then not getting them back for months even if the market returns to more "normal" levels.

NONHYGROSCOPIC: .2175 - .2650 MOSTLY: .2200 - .2500

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended September 26, on powder sales of 9,180,239 pounds f.o.b. California manufacturing plants was \$1.0473 per pound. This compares to 14,079,325 pounds at \$1.0473 for the previous week ending September 19, 1997. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are unchanged and the market tone is weak. Overall, demand is slow. Producers are filling contracts and spot interest is light. Stocks remain excessive. Some producers have lowered prices to work off inventories, but are not attracting much new interest. Contacts foresee improved demand in the future due to the increase in the October Class II milk and condensed skim prices. DEIP bids continue to be filled. Production ranges from light to heavier than desired.

Includes EXTRA GRADE and GRADE A, all heat treatments

F.O.B. NORTHEAST:	1.0500 - 1.1400
DELVD SOUTHEAST:	1.0750 - 1.0825

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady to lower and the market tone is weak. Demand is sluggish and interest is limited to contracts. Production levels are increasing as butter makers are actively churning in response to the sharply higher butter prices. Producer stocks are adequate for needs.

F.O.B. NORTHEAST:	1.0300 - 1.0725
DELVD SOUTHEAST:	1.0625 - 1.1150

DRY WHOLE MILK - NATIONAL

Prices are slightly higher and the market tone is firming. Domestic interest is good. Production levels are often lighter. DEIP acceptances continue with delivery periods well into next year. The Kansas City Commodity Office announced the purchase of 200 MT (440,920 pounds) of dry whole milk, packed in 6/4 lb. pouches at \$1.5245 per pound. The purchases are for export distribution under WME-1, invitation 097D, for shipment from October 1 - November 19, 1997.

F.O.B. PRODUCING PLANT:	1.2700 - 1.3300
-------------------------	-----------------

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1997 THROUGH SEPTEMBER 26, 1997
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	43,561	MT (96,034,581 LBS)
CHANGE	--	1,173	MT (2,585,996 LBS)
WHOLE MILK POWDER	--	2,539	MT (5,597,479 LBS)
CHANGE	--	100	MT (220,460 LBS)
CHEESE	--	718	MT (1,582,903 LBS)
CHANGE	--	51	MT (112,435 LBS)
BUTTERFAT	--	8,689	MT (19,155,769 LBS)
CHANGE	--	219	MT (482,807 LBS)

Allocations for the DEIP year beginning July 1, 1997 are:

Nonfat dry milk -- 92,217 MT; Whole milk powder -- 7,487 MT;
Cheese -- 3,510 MT; Butterfat -- 34,232 MT

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are sharply higher and nominal. The market tone remains firm. There are few spot sales from producers who are having difficulty meeting contracts. Contacts report production levels to be lighter because of the tight milk supply. Because of this lower output, additional producers are reducing volumes/contracts during the period of October - November. Buyers and traders who have had their supply cut are scrambling to locate powder to fill their commitments. Many contacts report that, for some buyers, getting product is the only concern and price is not a factor. Stocks are tight and demand is aggressive. Some producers are looking at different products as alternatives. Interest in WPC and lactose as replacements is increasing.

F.O.B. NORTHEAST:	EXTRA GRADE	.2650 - .3200
	USPH GRADE A	.2650 - .3350
DELVD SOUTHEAST:		.2950 - .3550

ANIMAL FEED WHEY - NORTHEAST

Prices are too few to report. When reported, prices are dramatically higher. Supplies are tight. Production levels are often lighter and product availability is scarce. Spot buying interest is minimal in response to the sharply higher whey prices.

F.O.B. NORTHEAST:	MILK REPLACER	TFEWR
-------------------	---------------	-------

EVAPORATED MILK - NATIONAL

Prices are unchanged and the market tone is steady. Production is lighter due to seasonally lower milk output. Demand is increasing as the holiday season nears and buyers are preparing for anticipated improved interest. Some producers have announced early promotions and are extending contracts through the end of the year. Producers speculate prices will remain steady for the next several weeks. Stocks are adequate to support the demand.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.50 - 33.00
Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

As the 4th quarter begins, casein prices are steady to slightly lower. Stocks of both rennet and acid remain readily available with deliveries basically as scheduled. Traders and buyers do not foresee any problems through the balance of the calendar year. During the first seven months of 1997, casein import totaled 35,132,796 kilograms, continuing to run about 9% less than the comparable period last year.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	2.2000 - 2.2500
ACID:	2.0000 - 2.1000

**DEIP BID ACCEPTANCE
SEPTEMBER 1997**

ACCEPTANCE DATE	DESTINATION	QUANTITY (MT)	DEL. PERIOD	BONUS/MT
NONFAT DRY MILK				
JULY - AUGUST 1997		38,290		
09/03	CARIBBEAN, CENT & S. AM	1,107	SEP-FEB	\$867.56
09/05	AFRICA & MIDDLE EAST	17	SEP-OCT	\$870
09/05	ASIA & FSU	447	SEP-APR	\$825.91
09/08	CARIBBEAN, CENT & S. AM	517	SEP-FEB	\$843.85
09/09	ASIA & FSU	210	JAN-MAY	\$825
09/10	AFRICA & MIDDLE EAST	29	SEP-OCT	\$836.21
09/10	CARIBBEAN, CENT & S. AM	34	SEP-OCT	\$856
09/11	ASIA & FSU	459	NOV-DEC	\$817
09/11	AFRICA & MIDDLE EAST	48	OCT-DEC	\$848
09/11	CARIBBEAN, CENT & S. AM	200	SEP-DEC	\$814.50
09/12	CARIBBEAN, CENT & S. AM	316	SEP-FEB	\$854.09
09/17	CARIBBEAN, CENT & S. AM	476	SEP-APR	\$829.79
09/19	CARIBBEAN, CENT & S. AM	238	OCT-FEB	\$238
09/22	CARIBBEAN, CENT & S. AM	222	NOV-MAY	\$809.74
09/25	CARIBBEAN, CENT & S. AM	367	SEP-MAR	\$819.08
09/25	ASIA & FSU	550	OCT-DEC	\$781
09/26	CARIBBEAN, CENT & S. AM	34	SEP-NOV	\$810
09/29	AFRICA & MIDDLE EAST	170	OCT-DEC	\$825
09/29	CARIBBEAN, CENT & S. AM	140	SEP-DEC	\$805
09/30	AFRICA & MIDDLE EAST	420	SEP-JAN	\$845
09/30	CARIBBEAN, CENT & S. AM	215	SEP-DEC	\$807.21
SEPTEMBER 1 - 30, 1997		<u>6,216</u>		
PROGRAM TO DATE		44,506		
WHOLE MILK POWDER				
JULY - AUGUST 1997		668		
09/15	CARIBBEAN, CENT & S. AM	480	SEP-FEB	\$1,150
09/16	CARIBBEAN, CENT & S. AM	600	SEP-JAN	\$1,180
09/17	CARIBBEAN, CENT & S. AM	16	SEP-OCT	\$1,162
09/18	CARIBBEAN, CENT & S. AM	675	SEP-APR	\$1,180
09/25	CARIBBEAN, CENT & S. AM	100	NOV-MAR	\$1,129
SEPTEMBER 1 - 30, 1997		<u>1,971</u>		
PROGRAM TO DATE		2,539		

DEIP BID ACCEPTANCE
SEPTEMBER 1997

ACCEPTANCE DATE	DESTINATION	QUANTITY (MT)	DEL. PERIOD	BONUS/MT
CHEESE				
JULY - AUGUST 1997		454		
09/04-P	AFRICA & MIDDLE EAST	23	SEP-NOV	\$800
09/10-P	CARIBBEAN, CENT & S. AM	127	SEP-NOV	\$768.78
09/17-M	AFRICA & MIDDLE EAST	38	SEP-NOV	\$1,030
09/18-M	AFRICA & MIDDLE EAST	25	SEP-NOV	\$1,030
09/26-P	CARIBBEAN, CENT & S. AM	51	OCT-DEC	\$772
SEPTEMBER 1 - 30, 1997		<u>264</u>		
PROGRAM TO DATE		718		
C-CHEDDAR, G-GOUDA, M-MOZZARELLA, P-PROCESSED AMERICAN CHEESE, CC-CREAM CHEESE				
BUTTEROIL/ANHYDROUS MILKFAT				
JULY - AUGUST 1997		5,236*		
09/03-B	ASIA & FSU	150	SEP-JAN	\$983.33
09/03-A	CARIBBEAN, CENT & S. AM	16	SEP-OCT	\$1,550
09/04-A	AFRICA & MIDDLE EAST	92	SEP-NOV	\$1,569
09/04-A	CARIBBEAN, CENT & S. AM	54	OCT-DEC	\$1,395
09/05-A	AFRICA & MIDDLE EAST	46	SEP-NOV	\$1,395
09/05-A	CARIBBEAN, CENT & S. AM	216	NOV-MAR	\$1,395
09/05-B	ASIA & FSU	685	SEP-FEB	\$980.95
09/08-B	ASIA & FSU	700	SEP-DEC	\$985.71
09/08-A	CARIBBEAN, CENT & S. AM	100	NOV-DEC	\$1,395
09/08-O	CARIBBEAN, CENT & S. AM	15	SEP-NOV	\$1,439
09/09-A	ASIA & FSU	230	NOV-FEB	\$1,435
09/11-B	ASIA & FSU	500	OCT-JAN	\$985
09/15-A	CARIBBEAN, CENT & S. AM	46	SEP-OCT	\$1,565
09/17-A	ASIA & FSU	16	SEP-OCT	\$1,495
09/18-B	ASIA & FSU	80	SEP-DEC	\$1,030
09/19-B	ASIA & FSU	78	OCT-MAR	\$1,050
09/22-B	ASIA & FSU	200	OCT-DEC	\$1,100
09/24-B	ASIA & FSU	19	SEP-DEC	\$1,110
SEPTEMBER 1 - 30, 1997		<u>3,453*</u>		
PROGRAM TO DATE		8,689*		
A.-ANHYDROUS, O-BUTTEROIL, B-BUTTER				
*TOTALS DO NOT ADD DUE TO CONVERSION OF ANHYDROUS /BUTTEROIL TO BUTTER EQUIVALENT				
				PROGRAM-TO-DATE
TOTAL MT				56,452
TOTAL BONUS VALUE				\$51,222,400

Exporters of U.S. milk powder, butterfat and cheddar cheese are aided under the Dairy Export Incentive Program (DEIP), created by Food Security Act of 1985 and extended by the Food, Agriculture, Conservation, and Trade Act of 1990. Export sales are facilitated through payment of bonuses by the U.S. Department of Agriculture's Commodity Credit Corporation. Sales of dairy products will be made through normal commercial channels at competitive world prices. For further information call L.T. McElvain, (202) 720-6211. Conversion: 1 metric ton (MT) = 2,204.6 pounds.

July 1, 1997 started a one year program for the DEIP allocations. Refer to Volume 64 report 27 pages 13 & 14 for country qualifications.

SOURCE: FOREIGN AGRICULTURAL SERVICE

MONTHLY SUMMARY AND AVERAGES FOR SEPTEMBER 1997 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 36	REPORT NUMBER 37	REPORT NUMBER 38	REPORT NUMBER 39	REPORT NUMBER 40	1997	1996
	SEP 01 - 05	SEP 08 - 12	SEP 15 - 19	SEP 22 - 26	SEP 29 - 30	Average	Average
						or Total	or Total
FLUID AND DRY PRODUCTS							
SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)							
Delivered Equivalent:							
-- Northeast	1.3775 - 1.5295	1.3920 - 1.5168	1.3700 - 1.5800	1.4980 - 1.6906	1.6770 - 1.9080	1.5246	2.0202
-- Atlanta	1.3775 - 1.4440	1.4140 - 1.4880	1.4200 - 1.5400	1.5515 - 1.6906	1.7245 - 1.8960	1.5249	2.0612
-- Upper Midwest	1.3775 - 1.4630	1.3920 - 1.4784	1.4300 - 1.5400	1.5515 - 1.6478	1.7400 - 1.8480	1.5175	2.0489
SPOT PRICES OF CONDENSED SKIM (\$ per lb. wet solids)							
Delivered Equivalent:							
-- Northeast	0.9500 - 1.0550	0.9500 - 1.0550	0.9500 - 1.0350	0.9500 - 1.0350	0.9500 - 1.0550	0.9977	1.2365
WISCONSIN FLUID MILK SHIPMENTS							
-- Loads Shipped from Wisconsin Shipping Points	82	62	49	32		225	310
NATIONAL EVAPORATED MILK (\$ per Case)							
(Case - 48 - 12 fluid oz cans)							
-- Delivered Major U.S. Cities	22.5000 - 33.0000	22.5000 - 33.0000	22.5000 - 33.0000	22.5000 - 33.0000	22.5000 - 33.0000	27.7500	25.6400
NONFAT DRY MILK							
-- Central (f.o.b.)							
-- Extra And Grade A	1.0500 - 1.0950	1.0500 - 1.1000	1.0400 - 1.1000	1.0400 - 1.0950	1.0400 - 1.1000	1.0711	1.3190
-- Mostly	1.0550 - 1.0650	1.0550 - 1.0650	1.0550 - 1.0650	1.0500 - 1.0600	1.0500 - 1.0600	1.0583	1.2880
-- West (f.o.b.)							
-- Low/Medium Heat	1.0300 - 1.0650	1.0300 - 1.0650	1.0300 - 1.0650	1.0300 - 1.0650	1.0300 - 1.0650	1.0475	1.2574
-- Mostly	1.0350 - 1.0500	1.0350 - 1.0500	1.0300 - 1.0500	1.0300 - 1.0500	1.0300 - 1.0500	1.0411	1.2563
-- High Heat	1.0600 - 1.0800	1.0600 - 1.0800	1.0550 - 1.0800	1.0550 - 1.0800	1.0550 - 1.0800	1.0686	1.3063
-- Northeast (f.o.b.)							
-- Extra & Grade A	1.0500 - 1.1400	1.0500 - 1.1400	1.0500 - 1.1400	1.0500 - 1.1400	1.0500 - 1.1400	1.0950	1.3380
-- Southeast (Delvd)							
-- Extra & Grade A	1.0750 - 1.1050	1.0750 - 1.0900	1.0750 - 1.0825	1.0700 - 1.0825	1.0750 - 1.0825	1.0812	1.3369
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)	0.2250 - 0.2425	0.2300 - 0.2450	0.2350 - 0.2550	0.2450 - 0.2800	0.2650 - 0.3250	0.2500	0.2431
-- Mostly	0.2275 - 0.2325	0.2325 - 0.2375	0.2400 - 0.2500	0.2500 - 0.2800	0.2750 - 0.3000	0.2486	0.2425
-- West (f.o.b.)	0.2000 - 0.2250	0.2050 - 0.2300	0.2050 - 0.2250	0.2050 - 0.2350	0.2175 - 0.2650	0.2188	0.2229
-- Mostly	0.2050 - 0.2150	0.2100 - 0.2150	0.2100 - 0.2175	0.2125 - 0.2250	0.2200 - 0.2500	0.2160	0.2150
-- Northeast Extra Grade (f.o.b.)	0.2250 - 0.2350	0.2300 - 0.2400	0.2350 - 0.2600	0.2400 - 0.2600	0.2650 - 0.3200	0.2461	0.2448
-- Northeast Upsh Grade A(f.o.b.)	0.2350 - 0.2500	0.2425 - 0.2525	0.2475 - 0.2800	0.2475 - 0.2800	0.2650 - 0.3350	0.2593	0.2535
-- Southeast Extra Grade (Delvd)	0.2400 - 0.2725	0.2550 - 0.2775	0.2550 - 0.2850	0.2550 - 0.2950	0.2950 - 0.3550	0.2729	0.2686
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)	0.5950 - 0.6400	0.5900 - 0.6300	0.5900 - 0.6250	0.5800 - 0.6200	0.5600 - 0.6100	0.6061	0.7369
-- Extra Grade 34% Protein							
-- Mostly	0.6150 - 0.6250	0.6100 - 0.6200	0.6050 - 0.6100	0.5950 - 0.6050	0.5850 - 0.6000	0.6085	0.7425
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	0.1975 - 0.2200	0.2100 - 0.2300	0.2100 - 0.2300	0.2300 - 0.2500	0.2600 - 0.3000	0.2283	0.2358
-- Standard		TFEWR	TFEWR	TFEWR	TFEWR	TFEWR	TFEWR
-- Roller Ground	0.2275 - 0.2400	0.2325 - 0.2425	0.2375 - 0.2450	0.2475 - 0.2625	0.2675 - 0.2825	0.2454	0.2500
-- Delactose	0.3350 - 0.3600	0.3350 - 0.3600	0.3350 - 0.3600	0.3350 - 0.3600	0.3350 - 0.3550	0.3473	0.4039
-- Northeast (f.o.b.)							
-- Milk Replacer	0.2050 - 0.2150	0.2150 - 0.2225	0.2200 - 0.2275	0.2300 - 0.2400	TFEWR	TFEWR	TFEWR
BUTTERMILK (Min. 30% protein)							
-- Central (f.o.b.)	1.0200 - 1.1050	1.0200 - 1.1050	1.0200 - 1.1050	1.0200 - 1.1000	1.0000 - 1.0800	1.0598	1.5250
-- West (f.o.b.)	1.0000 - 1.0700	1.0000 - 1.0700	1.0000 - 1.0700	1.0000 - 1.0600	0.9800 - 1.0400	1.0314	1.5768
-- Mostly	1.0000 - 1.0400	1.0000 - 1.0400	1.0000 - 1.0300	1.0000 - 1.0300	0.9900 - 1.0300	1.0167	TFEWR
-- Northeast (f.o.b.)	1.0550 - 1.0800	1.0300 - 1.0725	1.0300 - 1.0725	1.0300 - 1.0725	1.0300 - 1.0725	1.0543	1.4744
-- Southeast (Delvd)	1.0725 - 1.1400	1.0725 - 1.1400	1.0725 - 1.1400	1.0725 - 1.1350	1.0625 - 1.1150	1.1040	TFEWR
WHOLE MILK POWDER							
-- National							
-- F.O.B. Producing Plant	1.2400 - 1.3000	1.2300 - 1.3000	1.2300 - 1.3200	1.2450 - 1.3200	1.2700 - 1.3300	1.2758	1.4593
LACTOSE							
-- Central And West (f.o.b.)	0.2000 - 0.2800	0.1950 - 0.2800	0.1900 - 0.2800	0.1850 - 0.2800	0.1800 - 0.2600	0.2345	0.2054
-- Mostly	0.2100 - 0.2500	0.2100 - 0.2500	0.2100 - 0.2500	0.2000 - 0.2500	0.2000 - 0.2250	0.2271	0.2033
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	2.2000 - 2.2800	2.2000 - 2.2800	2.2000 - 2.2800	2.2000 - 2.2800	2.2000 - 2.2500	2.2386	2.5450
-- Nonrestricted - Acid	2.0000 - 2.1000	2.0000 - 2.1000	2.0000 - 2.1000	2.0000 - 2.1000	2.0000 - 2.1000	2.0500	2.4605

1/ Prices for all products not footnoted 2/ or 3/ are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing. 2/ The monthly averages are simple averages of all the prices reported during the month and are shown on the Friday line. 3/ The monthly averages are based on the exchange trading date prices and are time-weighted for each day, starting with the exchange trading date, until the next exchange trading date - Saturdays, Sundays, and National Holidays are included.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE PERIOD OF SEPTEMBER 29 - 30, 1997				CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES		
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD		
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/96	LAST YEAR	09/19/97	LAST YEAR		
BUTTER									
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE									
Block	-0-	-0-	-0-	330,284	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	392,874	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	1,184,400	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	1,907,558	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK									
Nonfortified	1,032,730	-0-	1,032,730	31,917,042	-0-	-0-	-0-	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	1,032,730	-0-	1,032,730	31,917,042	-0-	-0-	-0-	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT*	SKIM**	MILKFAT*	SKIM**
	BASIS	SOLIDS	BASIS	SOLIDS
PERIOD OF SEPTEMBER 29 - 30, 1997 =	0.2	12.0	COMPARABLE WEEK IN 1996 =	0.0
CUMULATIVE SINCE OCTOBER 1, 1996 =	24.6	390.4	CUMULATIVE SAME PERIOD LAST YEAR =	0.0
CUMULATIVE JANUARY 1 - SEPTEMBER 30, 1997 =	24.6	390.4	COMPARABLE CALENDAR YEAR 1996 =	0.0

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/96 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
REGION	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96
MIDWEST	-0-	-0-	1,514,684	-0-	-0-	-0-	56.8	0.0
WEST	-0-	-0-	392,874	-0-	31,917,042	-0-	43.2	0.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
TOTAL	-0-	-0-	1,907,558	-0-	31,917,042	-0-	100.0	0.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1997

MANUFACTURING MILK: Average Test 3.67% - \$10.20 per cwt.; 3.5% - \$10.10

DOLLARS PER POUND

BUTTER: Bulk \$.6500; 1# Prints \$.6800

CHEESE: 40 & 60# Blocks \$1.1300; 500# Barrels \$1.1000; Process American 5# \$1.1825; Process American 2# \$1.2225

NONFAT DRY MILK: Nonfortified \$1.0470; Fortified \$1.0570; Instant \$1.2045

Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 09/13/97 & Comparable Week 1996 (1/ 2/)

Regions*											: U.S. TOTAL		: % DAIRY OF ALL		
											: WEEK :SINCE JAN 1:		WEEK : SINCE JAN 1		
1997-Dairy cows	HD (000)	: 0.4	1.8	---	13.2	21.4	3.2	3.3	1.2	9.2	3.1	56.9	2,025.9	45.9	46.0
1996-Dairy cows	HD (000)	: 0.4	1.4	---	13.6	22.2	2.5	4.5	1.3	9.1	3.0	58.0	2,084.1	42.2	43.4
1997-All cows	HD (000)	: 0.4	1.8	---	28.4	29.8	18.6	18.7	7.3	11.9	7.2	124.1	4,408.5		
1996-All cows	HD (000)	: 0.4	1.4	---	29.8	31.9	21.7	21.5	10.4	12.6	7.9	137.5	4,799.9	**REGION 3 & 4 COMBINED**	

1/ States included in regions are as follows: Region 1--ME, NH, VT, CT, MA, and RI; Region 2--NY and NJ; Region 3--DE, PA, WV, VA, and MD; Region 4--KY, TN, NC, SC, GA, AL, MS, and FL; Region 5--MI, OH, IN, IL, WI, and MN; Region 6--TX, OK, NM, AR, and LA; Region 7--IA, NB, KS, and MO; Region 8--MT, WY, CO, UT, ND, and SD; Region 9--CA, NV, AZ, and HA; Region 10--ID, OR, and WA. 2/ Totals may not add due to rounding.

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CCC MARKET PRICE INVITATIONS (POUNDS)

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/96 = 89,409,375

CUMULATIVE TOTAL NDM PURCHASES SINCE 10/1/96 = 12,521,747

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74	10.86	12.07				